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ACCOUNTING MANUAL

AND

FINANCIAL REGULATIONS

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1.0 ABBREVIATIONS AND ACRONYMS

TFAS	Tanzania Financial Accounting Standard
ACI	ABLE CHILD INITIATIVES
PD	Programmes Coordinator.
ED	Executive Director
CPV	Cheque Payment Voucher
PCV	Petty Cash Payment Voucher
BPIS	Bank Pay-in Slip
BCA	Bank Credit Advise
LPO	Local Purchase Order
CI & PR	Combined Issue and Purchase Requisition
GDV	Goods Delivery not
GRN	Goods Received Note
SI	Supplies Invoice
Pr.I	Proforma Invoice
MYOB	Mind Your Own Business
C.A	Chief Accountant
P.O	Purchasing Officer
GAAP	General Acceptable Accounting Practices
IOU	Means I owe you.
NBAA	National Board of Accountants and Auditors

ACI

PART ONE

ACCOUNTING MANUAL

1.2 Definitions of Terms

The following words and expressions are used in the following sense, unless a contrary intention appears from the context.

1. **ACI** Means the Registered Non Governmental Organisation **Under section 12(2)** of the Act No, 24 of 2005 with Reg. No. 00 NGO/0788
2. **The Regulations.** Means the Financial Regulations of the Organisation;
3. **The Board.** Means the Board of Members of the Organisation;
4. **Management.** Means the Organization’s Management chaired by the **organisation**
5. **The Executive Director.** Means the Chief Executive Officer of the Organisation.
6. **The Programs Director.** Means the Chief executive officer of all Programmes in the Organisation
7. **Chief Accountant.** Means the Head of Finance Division;
8. **Employee.** Means any employee of the Organisation but does not include a casual Laborer;
9. **Staff.** Means the employee of the Organisation engaged in carrying out the Activities of the employee.
10. **External Auditor.** Means a statutory auditor or another Independent auditor as Appointed by the Organisation
11. **Financial Period.** Means the period of time for which financial statements are Prepared. In case of the ACI, this period ends on December 31st each year;
12. **Budget.** Means quantification of the Organization’s future plans for The Next financial period in monetary units;
13. **Budget Committee.** Means a committee comprising of all members of Management Team plus any other co-opted person.
14. **Financial Statements.** Means the balance sheet, statement of income and Expenditure, cash flow statements, notes and any other statements and explanatory notes identified as part of the financial statement.
15. **Audit.** Means an independent examination of the Organisation’s Financial **statement**
16. **Cash.** Includes notes, coins, postal orders, money orders, stamps and cheques or Bank drafts

1.1 Preamble

We found children with disabilities are vital valuable part of the society, yet most marginalize vulnerable of the person in Tanzania, there are abused, exploited and excluded by the society they live in denying in them of their unchallengeable and recognized rights, therefore we decided to initiate the formation of this organization in the name of ABLE CHILD INITIATIVES (ACI) so as to supplement government effort in helping the community

1.1.1 Our Vision.

Just society that recognizes the right of children with disabilities living in an inclusive society.

1.1.2 Our Mission

To promote society, endeavor in supporting children with disabilities to access their human rights in the mainstream society to wards realization of inclusiveness in all spheres of through education and support.

1.2 Objectives of the Manual

- This ACI's Accounting Manual, consists of financial regulation documents, the policies, regulations, the accounting concepts and conventions, which are carefully designed to facilitate the accounting processes. And provide guidance to the accounting procedures that should be applied to the Organization's financial transactions for the purpose of recording and compiling the needed financial information.
- The Accounting manual and Financial Regulations will facilitate:
 - Prudent management of donor's funds
 - Transparency in all financial transactions of the organization since Decisions will be made within the framework of the provisions of the financial manual.
 - Avoidance of arbitrariness and inconsistency in decision making on matters pertaining to financial transactions; and.
 - ACI's staff must be aware and understand the prevailing Financial polices of the organization.
 - ACI is operating in a dynamic system, which calls for regular review of its policies and regulations to ensure that they meet internal financial control and donor's needs.

Therefore, this ACI's financial manual should not be treated as comprehensive or exhaustive. There is a need for ACI to exercise a procedure and good sense of judgment in making decisions having regard to the interest of financial manual.

1.3 Scope of the Manual

Part one of the Manual covers: accounting concepts and conventions adopted by the Organization, basic documents and books of accounts used, accounting and stores procedures, budgetary control and financial reports for both internal and external use.

Part two of the Manual covers: financial regulations, which ensure that, Procedures defined in part one are properly, implemented.

1.4 Supervision and Review

The series of instruction contained in this manual work effectively with follow up by the Organisation's management team. The practice of monitoring the effective utilization of the manual ensures that the objectives of the Organisation are realized and sustained.

As time passes, changes in the underlying circumstances take place. It is necessary, therefore, to have a continuing process of reviewing the manual to identify areas, which become inadequate, and recommending to the Board of Organisation. Sound reviews and amendments to the manual are inevitable and should be affected as and when need arises.

1.5 Accounting Principles And Policies

1.5.1 Basis for Formulating Accounting Policies

The Organisation should develop accounting policies to ensure that the financial statements provide information that is:

- i. Relevant to the decision-making needs of users and reliable in that they
- ii. Represent faithfully the results and financial position of the organisation.
- iii. Reflect the economic substance of events and transactions and not merely the legal form
- iv. Are neutral, that is free from bias
- v. Are prudent.
- vi. Are complete in all principles.

1.5.2 The Accounting Policies Relevant to the Organisation are as follows:

1.5.2.1 Basis of Accounting.

The Organization prepares its accounts on historical cost basis of accounting, modified, when necessary to include revaluation of assets. Under the historical cost principle, the exchange price established or cost incurred at the time a transaction occurs is the basis for initially recording transactions. This principle is used for initial recording because cost usually is the best estimate of transaction's fair value.

1.5.2.2 Depreciation.

Depreciation of fixed assets is calculated on a straight – line basis so as to write off the cost or revaluation of these assets over the economic useful life. The rates applied on respective categories of fixed assets are:

The useful lives are as follows: Asset	Year	% per annum
Freehold building	50	2%
Motor vehicles	5	20%
Furniture and fittings	10	10%
Computer and office equipment	5	20%

1.5.2.3 Going Concern

The life of ACI is considered unlimited, unless and until there is concrete evidence that it is likely to end at some determinable or approximated future time.

1.5.2.4 Valuation of Consumable Stores.

Stationers and other consumables are expensed in the statement of income and Expenditure. At the year-end, stocks in hand are valued at the lower of cost or net releasable valued.

1.5.2.5 Forex Transactions

Foreign currency transactions are translated at the rate of exchange ruling on the date of the transaction. Year-end balances are translated at the rate of exchange ruling on the balance sheet date.

1.5.2.6 Fixed Assets Acquisition policy.

The Organisation may accept Fixed Assets from the Donor Community after a written agreement has been signed. Other fixed assets are acquired in accordance with the approved budget for the period. All fixed assets acquired shall be recorded in the accounts at historical cost and stated in the Balance sheet at cost net of depreciation or revaluation.

Thus, historical cost may become irrelevant for decision – making purposes. Under GAAP, the carrying value of an asset may, the under special circumstances, occasionally be revised (revalued) to reflect actual value in the financial statements. This practice is limited to management decision – making purposes, where it is disadvantageous to use data that is out of date.

1.6.2.6 Accounting for Expenses.

All expenses including those on research are written off in the year in which they are incurred on accrual basis. Funds of the Organisation are used solely for payment of approved and legitimate expenses, in furtherance of the objects of the Organisation.

1.5.2.7 Accounting Period.

The financial accounting year is twelve continuous calendar months, starting from January and ending in December. A cut-off date may be established for the purpose of preparing year-end financial statements. This is acceptable as long as it is done consistently from one financial period to another.

If funds are dependent on Donor's support, the reporting financial period for a specific project shall vary depending on the programme and terms of contracts of each particular donor.

1.5.2.8 Debtors Control.

As you will note from paragraph 1.5.2.14 below of ACI income is mainly derived from donors voluntary contributions and hence there is little chance of having a problem of debtors. This being the case, income received by the Organization from donors is accounted for on cash basis i.e. when cash is received. It follows, therefore, constancy and other services provided by the Organization should be collected in advance wherever possible or subject to 50% down payment at commencement of work and the balance collected on completion of the assignment.

1.5.2.9 Accounting for Staff loans and Advances.

Personal accounts are opened for each employee who is given a loan advance of salary. Terms of recoveries are governed by staff regulations.

1.5.2.10 Creditors Control

Supplier's Invoices should be paid promptly in accordance with the cash budget. No LPO should be placed if there is no cash to pay for goods ordered. If this policy is adhered to unpaid creditors at the year-end will be for the month of December only.

1.5.2.11 Accounting for Contract Gratuity

Contract gratuity is normally paid to employee at the end of the contract. If, however, advance of gratuity is paid to an employee to allow him/her to receive an improved monthly or year take home. Since gratuity is no longer Tex exempt, advance payments should be taxed when paid.

1.5.2.12 Accounting for Capital Grants

Capital grants should be accounted for under the “Capital Method” whereas by the value of capital grants received are:

- Dr. fixed Assets
- Cr. Capital Grants (as part of the Equity of the Organization)

1.5.2.13 Accounting for Income Due to the Organization

Income shall be accounted for in the period in which it relates. Income received in advance shall be deferred until the relevant period. As already mentioned in paragraph above the income of the Organisation is realized when received.

1.5.2.14 Source of ACI funds are

- i. Membership fees
- ii. Grants from donors and other
- iii. Voluntary donations
- iv. Income generating projects

1.6 Accounting Documents.

Documents required to support financial transactions for ACI are: -

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1.6.1 Document used in Required Bank and Cash Transactions.

Receipt – pre - numbered written acknowledgement of Cash/cheque received from a customer. A receipt is prepared in triplicate by cashier and distributed as follows:

- Original to customer
- Duplicate to accounts
- Triplicate remains in books

i. Cheque payment voucher (CPV)

A CPV is prepared in duplicate, given a reference number and authorise by the signatories approved by the Board. The original copy is filed with supporting documents and the duplicate filed in a flimsy file.

ii. Petty cash voucher (PCV)

Original of PCV is prepared; Give a reference number at the Time of preparation. CA Or her/his delegate authorizes petty cash Payments.

- Cheque – Bill of Exchange ordering the banker to pay.
- Bank pay – in – slip (BPIS) – supporting document of cash/cheque paid to the bank.

- Bank debit/credit advice – advice from bank relating to direct transactions with the bankers (BDA of BCA).
- Dishonored cheque – cheque returned unpaid.

1.6.2. Documents used in recording

Stores transactions

- Local Purchase Order (LPO) – for ordering goods and services from Suppliers. Prepared in Triplicate and Distributed as follows:
 - i. Original and duplicate send to supplier.
 - ii. Triplicate remains in the book.
 - iii. Original copy is returned by supplier together with goods ordered, SI and GDN.
- Combined Issue and purchases requisition (CI & PR) - request addressed to purchasing officer to order good/services or requisition placed on the store- keeper requesting for the issue of stores. Prepared in duplicate by user and authorized by the HM or Bursar.
- Goods delivery note (GDN) – Documents that accompany goods delivered by suppliers Invoice and original copy of the LPO.
- Goods Received Note (GRN) – Document prepared in triplicate by the purchasing officer in acknowledgement of goods received original copy to supplier, duplicate to accounts and triplicate remains in book.
- Suppliers' Invoice (SI) – Invoice from supplier of goods and services demanding payment.
- Proforma invoice (pr. I) - Quotation document from the supplier of goods and Services used as basis for issuing LOP.

1.6.3 Informal supporting documents

Informal supporting documents include:

- i. Claims in form of a letter
- ii. Affidavits duly attested by the Notary Public Court Orders
- iii. Any other evidence in support of payment – e.g. written minute duly signed by an Authorized person.

1.7 Accounting System

1.7.1 Objective of an Accounting System

The organization's accounting system is the means by which data, pertaining to its transactions relating to economic events, is recorded, classified, and summarized to produce financial reports needed by the executive function in order to direct and control operations. Proper management of financial information is, therefore, a prerequisite to sound and proper decision-making for any Organisation.

1.7.2 Categories of St. Anthony's Accounting System

ACI's accounting system is sub-divided into two categories

i. Calendar year Accounting system

Is governed by rules and regulations laid down by the ACI's deed, NBAA, and the International Accounting Standards whose accounting period runs from January to December of each year. Under this system, transactions of projects undertaken by the organization that fall outside the calendar year are not accounted for.

ii. Project Accounting system.

In addition to the rules and regulations pointed out in sub – paragraph (i) above project accounts are maintained separately in accordance with the specific donor requirements.

The two systems above are operated simultaneously.

1.7.3 Computerized Accounting System

ACI's Financial records are currently computerised on an accounting package by the name of MYOB version 7.5 (Mind Your Own Business). The process of recording. Transaction is automated. Once data is entered, journals are recorded, ledgers up-dated and financial statements prepared automatically in the background. All computer postings are carried out in accordance with the chart of accounts at appendix 1. The CA, being an officer in charge of the accounting function should at all times bear in mind the provisions of the approved Accounting principles and policies laid down in paragraph 1.6 above.

- MYOB Accounting plus version 11.55 is currently in the market with extra facilities such as PAY ROLL and Multi Currency Modules. Deliberate steps should be taken to phase out Version 7.5.
- The other computerized Accounting soft-wares comparable to MYOB Accounting plus is Quick books 2002 pro with pay-roll

1.7.4 Manual Accounting System.

Despite the fact that the accounting function of ACI is computerized it is important that the users of this manual know something about manual accounting system so that in case of major computer breakdown or power

breakdown occurs, the accounting function should continue being carried out manually. Below is a brief description of accounting books used in manual accounting system:

- Petty cash book-Records cash transactions only.
- Check cash book- Records Bank transactions that correspond to the Bank Statement maintained by bank

i. Journals

A journal is a book where accounting transactions is recorded chronologically, with adequate narration, detailing the accounts and amounts to be debited and credited, both sides balancing. The process of recording accounting transactions in a journal is termed journalizing. Every transaction must first be entered in the journal before being posted to the ledger. Transaction journals are supported by written evidence, known as original documents. These documents must be complete in terms of relevance, authorization, accuracy, extensions, and accounts to be debited and credited.

The advantages gained for maintaining journals are:

- Provision of chronological record of accounting transactions.
- Shows the account and amount debited and credited.
- Provides record of explanations (narration) about each accounting transactions
- Provides a link between the original documents used for journalizing and the ledger

ii. General Ledger

The General Ledger is a book containing all the control Accounts of the Centre, namely:

- Fixed and current Assets Accounts
- Owners' Equity Accounts.
- Long-tem and Current Liabilities Accounts.
- Revenue Accounts
- Expenses Accounts.

iii. Subsidiary Ledger

A subsidiary Ledger is a book of account containing detailed record of one the general ledger control account. The importance of a subsidiary ledger is to keep detailed information. This will comprise of the following:

- Debtors personal Account
- Creditors personal Account
- Fixed Assets
- Payroll

iv. Registers

Registers are memorandum books, which are used to record various movements of accountable documents and assets. The following Registers have to be maintained manually regardless of computerisation of the accounting function.

- Registered of unused receipt books
- Registered of unused cheque books
- Registered of outward cheques.
- Registered of incoming invoices
- Register of unused LPOs
- Register of unclaimed salaries and wages.
- Fixed Assets Register

N.B. The formats of the above registers are given in the appendices.

1.8 procedures For Processing Accounting Documents

1.8.1 Fundamental Principle of Internal control

The fundamental principal of internal control is that no person should be allowed to process a document from start to finish. i.e. an accounting document should not be checked, recorded and approved by the person preparing it i.e. functions should be segregated as regards initiation, execution, recording, custody of resultant asset and settlement.

A good internal control system requires a well-linked organization structure and a clear line of authority.

1.8.2 Element of Good Internal Control System

“Internal control system” consist of all the policies and procedure adopted by the management of an entity to assist in achieving management’s objective of ensuring, as far as possible, the orderly and efficient conduct of its business, including:

- Adherence to management policies;
- Safeguarding assets,
- Prevention and detection of fraud and error;
- The accuracy and completeness of the accounting recording and
- The timely preparation of reliable financial statement.

1.8.3 General Accounting Function Organizational Structure.

An internal control system requires a well-linked organization structure and a Clear line of authority with a job description for each member of staff. (See the staff regulation and scheme of service)

1.8.4 Internal Audit Function

- The internal audit function ensures that day to-day financial transactions And operations are carried out in accordance with the procedures laid down In the manuals used by the organization in addition to the acceptable inter Nation and Nation Accounting Standards.
- Internal audit means an appraisal activity established by management of an entity as a service to the entity. Its functions include, but are not limited to, examining, evaluating and monitoring the adequacy and effectiveness of the Trust accounting and internal control systems.
- The needs of the Organisation in view of the current size and activity level of ACI is highly recommended that the internal Audit function should be outsourcer.
- Internal auditors all levels especially the head of internal audit shall report directly to the top management, e.g. the Board, the Principal or audit committee;
- The internal audit staff shall have full access to top management and should be free to report on all aspects of the entity’s operations and records,
- Internal audit staff shall be free of operational responsibilities, such a substituting for accounting personnel on vacation; and.
- Internal audit: Staff shall be free to communicate full with the external auditors. Management should rely on internal audit reports for their evaluation of internal control effectiveness;

1.8.5 Cash Control

Cash is the lifeblood of any organization and therefore must be recorded and managed properly. The person handling cash must be of good character with no past criminal record of stealing. Cash in hand must be reconciled with the cash account daily while cash at bank must be reconciled with the Bank statement monthly.

1.8.6 Control and Accounting for Receipts.

- i. A reputable printer and a special security mark engraved in the original and duplicate copy of the receipt should print receipts books.
- ii. On receipt of the unused receipt books from the printer, the CA should record the books in the unused Receipt Books Register. Thereafter, the CA should issue them under signature to the cashier(s) as and when required. The CA is a custodian of both unused and used receipt books.
- iii. The CA shall satisfy himself/herself that the system in use for the collection of the Organisation’s funds is sound and adequate, and is subjected to constant review to keep it up to date.
- iv. The officer who acts in the capacity of cashier is to ensure that the established system is strictly followed.

- v. Receipts issued should be promptly recorded under appropriate accounts of the chart of accounts immediately after the cash is received.
- vi. Cash and cheques should always be kept in a safe and secure place of storage while waiting to be deposited in the bank.
- vii. All cheques, drafts, postal order and money received for the credit of the organisation must, immediately on receipt, be crossed and marked "ACCOUNT PAYEE ONLY", if they have not been so crossed already.
- viii. Any Money received by the Organisation must be acknowledged promptly by issuance of an official receipt on behalf of the Organisation and distributed in accordance with paragraph 1.5.1 above. Only authorised persons may issue such official receipts.
- ix. Used receipt books are returned to the CA before issuance of new ones to the cashier.
- x. Where a material error occurs in writing the receipt, it should be cancelled and a fresh one issued. All the three copies cancelled are retained in the book for audit purposes.
- xi. All official receipts issued to acknowledge money received is posted daily in the appropriate accounts through the MYOB accounting system.
- xii. All collections shall be banked intact on the same day or, if not possible, on the following working day.
- xiii. The serial number of receipts issued in respect of money being banked should be quoted on the Bank pay-in slip in order to facilitate subsequent easy cross-reference and faster bank reconciliation.
- xiv. Bank pay-in slips are completed in duplicate. Upon both copies being stamped and signed by a Bank Teller the original is retained by the Bank and the duplicate filed chronologically in the Bank reconciliation statement file.
- xv. At the end of each month the Bank Statement must be collected from the Bank and reconciled with the MYOB Bank Accounts, by an employee who is engaged in neither receiving nor recording cash. Any irregularities must be taken up with the cashier and the bank promptly. A separate file for bank reconciliation statements and relevant working papers has to be maintained.

- xvi. Dishonored cheques shall be debited back to debtor's account, and credited to the bank account, steps must be taken promptly with the drawer to make good the dishonored cheques.

1.8.7 Control and Accounting for Disbursements by Cheque

- ***Control of CPVs***
 - i. CPV are prepared and distributed in accordance with paragraph 1.5.1
 - ii. All cheques shall be issued against an official Cheque Payment Voucher (CPV), properly narrated and authorised. Cheque numbers are quoted on all CPV in the space provided and numbered chronologically indicating the serial number and month in which the CPV is prepared.
 - iii. The authority to approve CPVs is vested in the authorised signatories duly appointed by the Board.
 - iv. Each payment Vouchers must be complete in all respects. It should contain details which shall include: date, reason for payment, full reference of numbers and dates of bills invoices, LPOs and other documents supporting the payment, name and address of payee, code and description of the account to be charged, authority and amount in figures and words.
 - v. The person making the alterations must sign all material alterations to the particulars given on a CPV in full.
 - vi. Writing of CPVs cheques and all account documents must be made with indelible ink.
 - vii. Original supporting documents must be attached to respective CPVs except where impracticable on account of size, volume or weight. In these cases the relevant documents are filed separately and cross-referenced to the respective CPVs.
 - viii. Where Payments call for certificates, such certificates must be given with due care to avoid personal liabilities that may accrue to the certifying accounting officer.
 - ix. Used and unused CPV forms together with supporting records and documents should be accorded with reasonable security to avoid possible abuse.
 - x. All claims approved by the Organisation must be met promptly.
 - xi. The paying officer must be satisfied that the person claiming the payment is in fact the person authorised to receive it, or is the authorised representative or assignee of the claimant. Authority by the payee to a nominee shall be attached or affixed to the original payment voucher to which it relates.

- xii. Payments on copy invoices or bills may take place only after receiving a certificate of indemnity from the payee, to make good to the Organisation the full amount paid in the event of a double payment.
- xiii. Supporting documents and vouchers should be stamped “PAID” at the time of writing the cheque, indicating date of payment to avoid fraudulent representation.
- xiv. Negligence in recording transactions keeping safe keys, cash boxes, strong – rooms, offices and cabinets is subject to disciplinary action under staff regulations. When not in use all

1.8.8 Preparation of Cheques Control.

- i. Cheques are prepared after the invoices and payment vouchers have been approved and properly authorized Officers signing cheques must also sign payment vouchers.
- ii. Authorised signatories should avoid signing blank cheques. Before signing any cheque signatories should satisfy themselves that every supporting document and voucher is attached and is correctly drawn and authorised. All payment vouchers and invoices should be scrutinised for authenticity by relevant signatories and be stamped “Passed for payment by the CA before the cheque is prepared. If a cheque is not properly prepared, it shall be returned to the originator with comments explaining the reasons for its rejection.
- iii. As far as possible all payments shall be made by crossed cheques Prepared in a manner, which precludes subsequent alteration.
- iv. When a cheque has been issued, the payment is recorded in the MYOB accounting system, showing date of CPV, cheque number, Payee, shorts description of transaction, and amount.
- v. Payments made direct though the bank without the use of cheque i.e. payment by standing order, letter of Credit or Bank Debit Advise (BDA) are examined and posted in MYOB on the respective date of entry appearing on the Bank statement.
- vi. Unused cheque leaves collected from bankers should be recorded by the Bursar in the unused checkbook register and issued out under signature.
- vii. All cancelled cheques shall be retained securely for audit purposes.
- viii. Replenishment of checkbooks shall follow normal Bank Procedures.
- ix. Cheques shall be drawn in their numerical sequences.

- x. Every cheque shall be properly prepared in a manner, which hinders improper and unauthorized alterations and facilitates tracing of the cheque to the CPV to which it relates.
- xi. Every cheque shall be signed by two signatories, one from category “A” and the other from category “B” within the limits of paragraph 2.7.5. of the Financial Regulations.
- xii. All cheques drawn are recorded in the outward cheque register and Signed by the drew or posted under “S” registered mail.
- xiii. Only cheques drawn for replenishment of petty cash may be drawn “pay cash.” All other cheques drawn must be crossed “Account Payee only Not negotiable.”
- xiv. When an authorized signatory is a way for a considerable period, the board may, by solution, delegate an appropriate person to be a temporary signatory and notify the bank accordingly.
- xv. Replacement of a cheque deemed lost shall take place only when non – presentation of the lost cheque has been confirmed in writing by the bank, and after The organization has given written instruction to the bank, to stop payment against the lost cheque. Should the lost cheque be subsequently found it would be cancelled and retained under lock and key for audit purposes.

1.8.9 Control and Accounting for Cash Disbursements.

- i. The office petty cash account is maintained on an Imprest system.
- ii. The petty cash float for The Trust is fixed at Tshs. 2,000,000 but may be reviewed by the Trustees if the level of activities increase or decrease.
- iii. The petty cash is replenished by an amount equal to the payments made. Thus at any time the petty cash on hand plus the amount of the petty cash payment vouchers should equal the authorized Imprest amount.
- iv. All petty cash payment vouchers must be authorised either by the CA, PD or ED.
- v. The office petty cash Imprest is maintained by the CA or a designated officer (cashier) answerable to the CA, PD and ED.
- vi. The petty cash floats shall be kept under lock and key in a cash box or safe at all times.
- vii. The PD and ED may verify the petty cash balance at any reasonable time, after which a cash balance certificate is prepared in duplicate and signed.
- viii. All petty cash payments shall be made by the officer in charge of the floats, through petty cash voucher (PCV) properly narrated and approved by the CA.

- ix. Only small amounts will be disbursed out of petty cash. Petty cash payments may not exceed Tshs. 200,000/= on each PCV.
- x. After effecting payments, the Cashier marks the PCVs, and the relevant supporting documents with a ‘ PAID ’ stamp, to avoid re-use.
- xi. All PCVs are coded with the correct account numbers and posted in the MYOB Accounting system on daily basis
- xii. Seasonal and illiterate workers should sign the payroll by using a thumbprint in the presence of supervisor or foreman of the payees.

1.8.10 Cash certificates

- i. Cash certificates are required when the following events occur.
- ii. Any appropriate time when the CA or Principal finds it necessary to necessary to conduct a surprise check.
- iii. When the cashier is handing over to another cashier at the year-end.

1.8.11 Bank Reconciliation Procedure.

A bank reconciliation statement should be prepared monthly as detailed below:

- Bank account records in the books of the Organisation should be closed monthly after adjusting the following:
- Bank charges and other payments appearing in the bank statement but not yet posted in the books maintained by the Organisation.
- Bank credits appearing in the Bank statement but not yet posted by in the Bank Account Records of the books maintained by the Organisation
- Correct any errors that might have been made in recording the cheques in either the bank statement or in the record of the Organisation.
- Prepare a list of un presented cheques and deduct same from the bank balance as per Bank statement to arrive at Bank Balance as per records of the Organisation
- Year-end Bank balance should be supported by the Branch Bank Managers Certificate.

1.8.12 *The controls.*

Adequate insurance cover must be taken for cash in transit and in then, s premises. All employees in key positions and all persons with access to cash, cheques, LPOs and other valuables must have a fidelity insurance cover.

1.8.13 Stores Procedures & Control

1.8.13.1 Policy.

The Procurement function embraces the total process of acquiring goods and services required for the smooth running of the Organisation **activities**. In particular the function facilitates the deployment of the resources of the organization towards acquisition of goods and services, receiving them, issuing the same, and recording all transactions in order to facilitate control through statistical records, necessary for subsequent audit and managerial decisions.

Foreign purchases are deemed too rare to warrant full-scale control, procedures, documents and books specially designed for the subject. However, where such purchases occur the organization 'purchasing officer in liaison with external experts will process the purchase order in accordance with the laid down procedures.

1.8.13.2 Procurement Control.

i. Invitation for Birds

Inviting birds to cover the requirements of the Centre for one year carries out procurement of goods and services. Invitations for birds are published in the most popular local newspapers inviting interested bidders.

To collect from the and pay for tender documents which give details of the supplies required by the Organisation:-

Supplies, which are normally required by the Organisation from time to time, fall in the following categories. Please note that the list is not exhaustive.

- Office stationery
- Computer stationery
- Computer hard were and accessories
- Cleansing materials
- Protect feasibility studies
- Project works- construction
- Repairs and maintenance of Buildings
- Repairs and maintenance of computers & Other Equipments

ii. Tender documents

Bid Data Sheet should provide the following information:-

- Description of an item to be supplied
- Quantity required
- Unit of issue
- A blank space for the bid price
- Conditions for bidding and detailed.

Bidding terms will cover the following areas:-

- Contents of Bidding Document
- Clarification of Bidding Documents.
- Amendment of Bidding Documents.
- Language of Bids.
- Documents comprising the Bid.
- Bid form.
- Bid Prices
- Bid Currencies
- Documents Establishing Bidder's eligibility and qualification
- Bid Security
- Period of Validity of Bids
- Signing of Bids
- Sealing and Marking of Bids
- Deadline for Submission of bids
- Late bids
- Opening of Bids
- Clarification of Bids
- Preliminary Examination
- Evaluation and Comparison of bids
- Contacting the Organisation
- Post Qualification

iii. Award of Tender

Tenders above Tshs.10,000,000/= are awarded by the Tender committee whose Chairperson is the Member of the Board. Tenders below Tshs.10,000,000/= are chaired by the Principal. In both cases, however, the awards are ratified by the Board after the relevant committee has chosen the name of a Bidder whose bid has been determined to be substantially responsive and has been determined to be qualified to perform the contract satisfactorily.

The Tender Committee dully appointed by the Board of Organisation, is composed of

Member of Board
The principal
Chief Accountant
One Secretariat Representative
Administrative Officer
Purchasing Officer for delivery of good and services
Required by the user department, section or unit.

Chairperson
Deputy Chairperson
Secretary
Member
Member

iv. Purchases above Tics. 200,000/=

Purchase Requisitions above Tshs.200,000/= should be approved by the Principal and passed to the purchasing Officer for raising an LPO and subsequent procurement of good and services.

Before the Principal approves the purchase requisition, she should liaise with The CA to confirm whether good or services ordered are within the approved budget and whether there is enough cash to pay for it.

After the purchase Requisition has been approved the purchasing Officer should obtain at least three quotations from different suppliers and place an order to the supplier who has quoted the most competitive Prices, but bearing in mind the quality of goods and services to be supplied.

1.9 Stores Control Records

1.9.1 Stores Control Policy and Procedures

The accounting policy on stocks in paragraph 1.4.2 above, states that Purchase of, stationary and other consumables are expenses, and at the Year end, stocks in hand in respect of these items are valued at the lower of Cost or net realizable value. The value ascertained at the end of the Accounting period is debited to the relevant Stock account and credited to the corresponding expense items. Stores records are thus limited to the corresponding expense items. Stores records are thus limited to Quantities (units) received and issued in respect of the following stackable Items such as: -

- Stationary
- Cleansing material
- Any other material consumable items not taken on stock charge are expensed and issued direct to the user.

1.9.2 Receipt of Stores

Goods received and taken into stock in respect of stackable items mentioned Prepared 1.7.2.14 above should be acknowledged on a GRN duly And compliance with terms of the contract or LPO. Goods supplied are normally delivered together with the following Documents;

- Goods delivery NOTE (GDN)
- Supplies Invoice (SI)

- Original LPO of the Trust.

1.9.3 Flow of Stores documents for Good Receive & taken in Stock

- A copy of the GRN together with the goods received is sent to the storekeeper/user and recorded in the relevant stores Ledger or Bin Cards.
- A supplier's invoice duly certified by the Purchasing Officer is sent to the Bursar together with the original copies of GRN and GDN.
- If the quantity of goods received exceeds the goods ordered, a credit note is issued. A debit note is issued when there is under delivery.
- If goods received are defective, the purchasing officer should neither accept them nor sign the GDN. The supplier should be asked to collect the defective goods at his/her cost, together with the supplier's Invoice duly stamped "REJECTED".

1.9.4 Payment of suppliers Invoices

Invoices duly certified by the Purchasing Officer should be sent to the CA and checked for accuracy, authenticity together with other necessary supporting documents before a payment voucher is prepared. Certified and approved invoices should be paid promptly on due dates to avoid penalties, and accumulation of outstanding creditors.

1.9.5 Issue of Stores

Stores are issued against an approved CI \$ PR. The storekeeper issues to the user the quantity of stores requisitioned and records same in the stores Ledger/Bin Card

1.9.6 Stock Taking

There are three types of stock-takes:

i. Perpetual inventory counts

Shall be carried out by the CA in collaboration with the storekeeper. Perpetual stock counts should be carried out on a monthly basis. They should count at least 10% of the stocks items giving more weight to items, which are of higher value and fast moving. They should then reconcile the physical count with bin card, stores ledger card balances and any discrepancies revealed must immediately be reported to the Principal for further action. The perpetual stock count is recommended for the Organization as this reduces the workload at the yearend.

ii. Periodic independent counts:

Checks carried out by persons delegated by the Principal at irregular intervals. Periodic stock counts must be carried out at least every quarter, by officers delegated by the ED to

ensure that the physical stock agree with the stock balances recorded in the stocks ledgers/Bin Card.

iii. Annual physical stock count:

Stock counts are carried out by the stock taking team-comprising member of the tender committee together with the external auditors, at the end of each year. A full and comprehensive annual stock count of goods held in stores of the Organisation must be carried out at the end of each year under the overall supervision of the Principal. All stock counts should be recorded on the official Trust stocktaking sheets, dated, stamped and signed.

The Bursar, storekeeper and Purchasing officer shall sign the stock sheets or stock records for stores under their control, satisfy as correct the particulars shown and forward a certificate to the Principal.

All discrepancies between the stores Ledger /Bin Cards and the actual physical stock balances should be analyzed and investigated thoroughly by the CA and discussed with the stock taking team, before adjustments are made in the books of accounts.

1.10 Preparation and Accounting for Payroll Transactions

1.10.1 MYOB Payroll.

Until such a time the current MYOB 7.5 replaced by MYOB Plus Version 11.55 the Trust will use the payroll as per format at appendix ll.

1.10.2 Payroll preparation procedures

- Letters of appointment, resignation, retirement, promotion, termination, and completion of contract, stopping payment to employee, who has been interdicted.
 - Overtime pay.
 - Bonus payment
 - Various allowances.
 - Deduction from salaries.
 - Salary attachment by order of the court.
 - Staff advance /loan recover
 - Alimony.
 - Personal insurance premiums
 - Any other salaries deduction at the request of the employees.
- i. The payroll officer should make sure that all such information and Document is properly authorised by relevant officers before including them on the payroll.
 - ii. Payroll preparation work should commence not later than the 19th of each month. Cheques for those receiving salaries through bank should be sent to the bank by 26th of the month and the pay- day for employee receiving salaries in cash should

be paid by 28th or at least two days before the last working day of the month whichever is earlier.

- iii. Payment of salaries to bank accounts may be made only after obtaining written authority from employee concerned. Officer documents mentioned in (ii) above should diligently maintain in a separate file for that month, so that changes are made accurately and later used to facilitate future verification.
- iv. The CA should also check the current payroll sheets with the relevant Document and approve them by initialing the sheet and the final summary.
- v. The CA should also compare the current months salaries figure with the Previous them by and reconcile any marked differences.
- vi. A journal voucher should be prepared from the payroll summary sheet as follows:
 - Debit: Basis salary Account.
 - Debit: Overtime Allowance Account.
 - Debit: Accounts of any other allowances
 - Credit: P. A. Y. E Account
 - Credit: NSSF employee contribution.
 - Credit: Staff voluntary Deduction Account (s)
 - Credit: Salary Advance Account (s)
 - Credit: Staff Loan Account (s)
 - Credit: Salary Net Pay Account (s)
- vii. A payment voucher should be prepared for the net pay as per summary sheet and the amount paid debited to `salary Net Pay Account (s) – The corresponding credit is posted in the cash / bank account .The accounting entries for payments to clear payroll deduction s and net pay are as follows :
 - Debit: Salary Net Pay Account (s)
 - Credit: cash/ bank Account
 - Debit: Salary Deduction Account
 - Credit: cash /Bank Account
- viii. Payment to clear off the credit entries in respect of the amount deduction from the salaries of employees are processed and accounted for in the normal manner.
- ix. Cash payments should be made in accordance with paragraph (1) above.
- x. In case an employee is sick, the CA shall pay the salary to the person authorised in writing by the sick employee
- xi. A receipt of unpaid salaries / wages is issued by the cashier to the payroll officer who is also responsible for maintaining a register for `Unpaid Salaries /wages. In this register are recorded the name, amount, receipt number, and month / period for which unclaimed salaries relate. A space is providing to record particulars to clear

the unpaid amount such as: voucher number, date of payment, and signature of payee.

- xii. Whenever such salaries or wages are claimed after re-banking, the amounts should be paid out using a separate petty cash or payment voucher, duly approved in the normal manner. The CA and PD should check the details of payment from register of unpaid salaries / wages maintained, before approving such voucher, and should make sure that blank columns in the register i.e. voucher number date of payment and signature of payee, are filled in to avoid duplicate payment
- xiii. Unclaimed salaries and should rebooked 3 days after the payday and the following entries passed:
 - Debit: Bank account with unclaimed Salaries /wages
 - Credit: unclaimed salaries and wages Account.
- xiv. The amount paid should be debited to the unclaimed salaries Account thus:
 - Debit: unclaimed salaries and wages Account
 - Credit: paying cash/Bank Account.
- xv. The CA should from time reconcile the balance as per Unpaid Salary and Wages register, with balance of the unpaid Salary/Wages Account. It is the responsibility of the Bursar to make sure that all statutory deductions such as PAYE, NSSF, PPF, With holding Tax, etc. are remitted to the appropriate authorities within the respective statutory period to avoid penalties.
- xvi. Skills and Development levy computed at the rate of 6% of gross emoluments should be paid to the 7th of the month following the month in which salaries were paid.

1.11 Fixed Assets Management.

1.11.1 Introduction

Fixed Assets are those assets of value with a life of more than a year held by the Organization for use in carrying out various activities. For the purpose of controlling fixed assets acquired by the Trust following procedures should be adhered to.

Fixed assets are stated in the Balance sheet according to their degree of Permanence, starting with the most permanent items. The Trust's fixed Asserts are categorized as follows:

- Land and Buildings
- Plant and Machinery
- Furniture and Office equipment
- Motor Vehicles
- Computers

1.11.2 Fixed Assets Acquisition Policy

All assets acquired must conform to the Fixed Assets

Acquisition policy in paragraph 1.4.2.6 above

1.11.3 Fixed Assets Management Responsibility

The responsibilities for fixed assets Management rests with the following officers:

- The CA is responsible for ensuring that fixed assets are properly recorded and depreciated in accordance with the approved rates.
- The Purchasing Officer has the Overall responsibility of ensuring that fixed assets ordered be duly received in time and in accordance with the specifications. The PO should also ensure that fixed Assets received are handed over to the user department/Officer.
- The Principal is responsible for ensuring that all fixed assets acquired by the Centre are secured, properly maintained and adequately insured.

1.11.4 Fixed Assets Management Records

The following records procedures and manuals must be maintained to facilitate effective management of fixed assets acquired by the Organisation.

1.11.1.1 Acquisition of Fixed Assets.

- i. The purchase of Fixed Assets starts with the Purchase Requisition raised by the user. The asset to be purchase should be for economical reasons, such as:-
 - Replacement of obsolete items
 - Replacement of worn-out items
 - Reducing operation costs.
 - Improving efficiency and productivity
 - Increasing capacity
 - Expansions into new areas
 - Replacement of destroyed items
 - Legal requirement.
 - Parity with competitors
 - Improving working conditions
 - Quality improvement
 - Rectification of capacity imbalances.

- ii. The factors to be considered when deciding to acquire fixed assets include:
 - Suitability of the new fixed asset for existing work requirements
 - Adequacy of the new capacity
 - Compatibility with existing fixed assets
 - Degree of quality deliverable
 - Reliability
 - Safety
 - Additional costs necessitated by the new asset.
 - Environmental, structural, utilities and administrative changes
 - New operational methods.
 - Scheduling Needs.
 - Training of workers
 - Tooling requirements
 - Remuneration implications
 - Supplementary handling equipment

1.11.1.2 Fixed Assets Register

- i. It is very important for the Organization to know all the fixed assets possessed and their details because such information facilitates:
 - Carrying out physical verification of fixed assets.
 - Calculation of depreciation in the preparation of financial statements
 - Determining of insurance cover
 - Detecting and reporting of thefts, damage, fire and accident to the police and insurance authorities
 - Making replenishment decisions
- ii. A separate fixed asset card (folio) has to be opened for each fixed asset purchased or project completed and put into use.
- iii. The fixed assets register comprises cards for each fixed asset. Sheets of paper properly marked are used to separate the cards relating to each pre-determined class of fixed assets in order of date of acquisition. Each fixed assets card contains a minimum of the following information.
 - Date of purchase / acquisition
 - Invoice No.
 - Suppliers name and address
 - Description
 - Make/model
 - Serial Number (if any)
 - Value/cost
 - Depreciation

- Written Down Value
- Date of disposal

An inventory of fixed assets should be maintained for each office, classrooms, house of residence and any other location in every office and residence. The inventory should give the following information.

- Date received in the relevant location
- Description of an asset.
- Quantities received column
- Quantities disposed/transferred column
- Balance column.

1.11.1.3 Fixed Assets Disposal

Every fixed asset has a useful life after which it deserves to be scrapped either because it is no longer economical or has become obsolete. Some fixed assets are scrapped before reaching their economic life because damage caused by accident, careless handling or due to lack of preventive maintenance. Whichever reason leads to its disposal, the authority of the Board of Organisation is required at the recommendation of the Chief Administrator.

Adequate and justifiable reasons have to be given for declaring a fixed asset obsolete or unserviceable, and where possible they should be supported by professional certificates. When management proposes to scrap a fixed asset, the ED should compile fixed Asset Disposal report for approval by the Board of Organisation. The report should contain a minimum of the following information:

- Description
- Function
- Make/model
- Manufacture's reference number
- Authority identification number
- Manufacture's number
- Supplier's details
- Date of purchase or acquisition
- Original cost
- Written down value
- Location
- Insurance policy reference, insurance value and premium
- Reasons for disposal
- Professional disposal certificate
- Proposed method of disposal
- Costs of disposal

- The effects of disposal on Labour and operations of the Organization
- List of spares held for the asset, their value and proposal for their use or
- Disposal
- Proposed date of disposal
- Estimated replacement
- Full address of the purchaser of the disposed asset.
- Amount for which the asset is likely to be sold and the mode of disposal.

After the Board of Organization has approved the disposal and mode of disposal of an asset the AC shall, on receipt of the sale proceeds, pass necessary entries in the books and shall also record the sale in the fixed assets register without delay. Accounting Entries on sale of fixed Assets:

- Sale proceeds
Dr. Cash/Bank with amount received
Cr. Disposal of Fixed Assets.
- Original Cost of Fixed Assets being disposed
Dr. Disposal of Fixed Assets
Cr. Fixed Assets a/c.
- Accumulated Depreciation
Dr. Accumulated Depreciation
Cr. Disposal of fixed assts.

The balance of the fixed assets disposal will indicate a surplus or deficit on disposal and should be transferred to the income and expenditure statement.

1.11.1.4 Fixed Assets Reference Documents

The vital fixed assets reference documents to be kept include the following: -

- Catalogues
- Installation manuals
- Operation manuals
- Servicing and maintenance manuals
- Machine drawings
- Building drawings
- Spare-parts codes books
- Address of Manufacturers
- Address of suppliers
- Price lists of spare parts
- Lists of organizations using the same plant and machines
- Insurance policies
- Title deeds

- Files of authority for acquisition, transfer, disposal
- Fixed assets valuation report.

1.11.5 Fixed Assets Movement Register

- i. The CA in liaison with the purchasing Officer have the responsibility for controlling, and ensuring that proper records are kept for all movements, and custody of fixed assets from one area to another.
- ii. The record is important for control purposes to:
 - Know the location for administrative control
 - Know the person in custody of each asset to identify who is responsible
 - for any damage caused on the asset, and hence responsibility for cost
 - Repair
 - Know where the asset is for physical verification
 - Facilitate the allocation of operational costs among cost centers
- iii. All fixed assets may be transferred or borrowed after obtaining permission in Writing from the PD or ED or her appointee. The Officer in charge of fixed assets Administration has to record the movements of all assets in the fixed Assets Movement Register before releasing the items to the rightful borrower. Negligence of issuing assets without recording is a breach of procedures and has to be taken seriously by Management.
- iv. The fixed Assets Movement Register is to contain the following information:
 - a. Borrowing Details:**
 - Date
 - Name and Designation of borrower (Transferee)
 - Name and Designation of custodian (Transferees)
 - Organization/Department/Section
 - Address of borrower
 - Name, Identification, and Description of item
 - Authority
 - Manufacturer's identification reference
 - Present location
 - Unit of Measure
 - Quantity borrowed
 - New location
 - Reasons for transfer
 - Signature of receiver
 - Condition of the item

- Gate passes reference and date.

b. Returning Details.

- Date of return
- Quantity returned
- Condition
- Signature of receiver
- Signature of returning person

1.11.6 Insurance of Fixed Assets

The Trust should adequately insure all its assets against risks with the right type of insurance cover.

In order for the Trust to avoid losing its insurance claims, the following must be adhered to:

The ED has to appoint person to be in charging policies and follow up of insurance claims payable to the Organisation.

The officer in charge of insurance should maintain the following records:

- i. Have an up to date sketch map of the entire building complex showing:
 - Distance from one building to another. This is because spread of fire is a
 - Function of distance in between the building.
 - Construction materials of roof wall and floor of building.
 - The uses of each building.
 - Type of quantity of properly kept in each building and room. Hazardous
 - Items to be kept in separate places with appropriate fire precaution.
- ii. Keep ownership documents in safe custody
- iii. Install fire-fighting equipment in all building. Such equipment should be
- iv. Serviced by professional fire experts, at appropriate time intervals.
- v. Maintain insurance records showing
 - Property insured
 - Date of insurance
 - Policies and their numbers and dates
 - Periods covered by each policy
 - Insured amounts
 - Premiums

- Excess, if any
 - Date of renew for each policy
- vi. In case of motor-accident, the following information should be furnished to the following information should be furnished to the insurance firm:-
- Sketch-map of the place of accident.
 - Police inspection report
 - Garage report of estimated repair cost
 - Insurance company's assessor's report
 - Valid driving license, of the driver involved in the accident.
 - The driver must have driving experience of not less than two years.
 - Letters form the Chief Administrator that permits the driver to drive the
 - Vehicle involved in the Organization as a driver.
 - Report the accident to the Insurance Company within the required period
 - Keep the vehicle involved in the accident in a safe place
- vii. In case of fire, furnish the following to the insurance Company.
- Fire report
 - Police report
 - List of items destroyed by fire and their values
 - Proof of existence of fire precautions.

1.11.7 Physical Verification Fixed Assets

The physical existence of fixed assets has to be independently checked, at least once a year, by team of competent staff to be appointed by the Principal from the Tender Committee.

The information to be checked to include:

- Name of asset
- Function of the asset
- Manufacture's reference
- Location
- Existence
- Condition of the Fixed Assets, and recommended action
- Level of utilization
- Replacement value for insurance purposes
- Reconciliation of book balance with accumulated depreciation
- Insurance policy number
- Insurance value

Physical verification of Fixed Assets shall be carried out annually, preferably, before the end of the accounting year. a list of fixed assets shall be compiled prior to verification,

and this shall be ticked while checking the assets physically. Major discrepancies shall be reported to the management, while minor discrepancies shall be adjusted before the annual accounts are finalized and physical balances reconciled with book balances.

1.11.8 Fixed Assets Maintenance

The maintenance records for each asset are supplemented by the following:

- i. Users Manual
- ii. Drawings
- iii. Performance capabilities
- iv. Basic dimensions
- v. Connecting service needed
- vi. Capacity
- vii. Original cost
- viii. Replacement parts list by names, number.
- ix. List of accessory tools
- x. Transportation and handling instructions
- xi. Operating instructions
- xii. Repair cost record
- xiii. Overhaul cost record
- xiv. Lubrication schedules
- xv. Manufacture’s maintenance manual
- xvi. Plant/Machine service card for each machine showing:
 - List of all spares required for maintenance
 - Lubrication schedules.
 - Inspection schedule.
 - Replacement of parts schedules
 - Major overhauls schedule
 - Man-hours required for each operation.

1.11.9 Identification Marks

All fixed assets of the Organization should be marked with proper identification marks, which can be easily traced in the fixed assets register.

The identification mark of each asset should reflect the category, type and location of an asset. For example, Furniture and Fittings is a category, type and under which tables, Chairs, filing cabinets, book shelves, and so on can be identified.

Examples of identification marks of Furniture and fittings located in the ED’s Office:

Tables	ACI/ED/FF/TB/01	
Chairs	ACT/ED/FF/CH/01	-If there is more than one Item the next item will carry Serial number 2 and so on.
Filing Cabinets	ACI/ED/FF/FC/01	
Book Shelves	ACI/ED/FF/BS/01	

1.12.Accounting for Imprest

1.12.1 Approved Imprest Holders

The CA – Holds Office petty Cash Imprest of Tshs.2,000,000/= and accounts and replenishes it as and when it is about to be exhausted.

The purchasing Officer - Holds Imprest up to Tshs. 200,000/=. The Imprest should be accounted for immediately after purchase of goods required for immediate use.

Other Officers - Imprest to Officers travelling on duty should be discouraged. Instead Officers should be paid travelling Allowances and per-diem according to their entitlements Spelt out in the staff Regulations.

11.12.2 Accounting for Office Petty Cash Imprest

The Imprest held by the bursar is retired by passing a Journal voucher duly authorized by the HM. Accounting Entries are:

DR. Relevant Expense Codes.
CR Petty Cash Office Imprest.

Supporting vouchers of the amount spent are attached to the JV and immediately Cancelled with a “PAID” stamp to avoid re-use Petty cash payments should not exceed Tshs.200, 000/= at any given time.

Payment vouchers and cheques had drawn for office petty. Cash are approved and disbursed in the normal procedure laid down in paragraph 1.9.5 above.

1.13.Budgeting and Budgetary Control

1.13.1 Introduction

A budget is a formal plan of action in monetary terms Designed to steer an Organization toward achieving its objective are met that largely determines the success or failure of the budgeting process. To be of use, the budget must have co-ordination, balance and cohesion among its key elements it must similarly have realistic and practicable objectives. Income and Expenditure accounting codes should be similar to codes used in preparing the budget. This layout facilitates the Co-ordination of budget with actual transactions.

1.13.2 Types of Budget.

Although the Organization Deed requires the Organisation to prepare an annual budget it is prudent to be futuristic and prepare a long-term budget ranging from 1 to 19 years as per of the strategic plan. The annual budget should be broken down into the following sub budgets namely:

- Capital Expenditure budget prepared for the purpose of showing the Organisation's requirement of fixed assets such as motor Vehicle, furniture and equipment, library reference books, buildings and projects to be undertaken.
- Income and Expenditure budget prepared to show income generating activities and operating expenses relating to core staff.
- Cash budget based on quarterly rolling budgets to ensure that funds are at all times available to meet the budgeted expenditure.
- Project Budgets prepared in accordance with the proposals for project funding.

1.13.3 Preparation of Budgets

- i. In preparing the budget it is required to project the income to be generated, and expenditure to incur during the period under consideration, in order to attain given objectives during the budget period. For the purpose of exercising financial discipline and control it is necessary to forecast the income and Expenditure on a scientific basis taking into account the past, actual and future trends and work Programmes.
- ii. The core Income & Expenditure budget as well as project budgets are is by the budget committee made up of core management staff:
- iii. A budget guidance note issued by the PD at least four months before the budget period commences, outlining the Organization policies, planned activities, and general economic conditions shall initiate budgeting activity.
- iv. It is responsibility of the PD and ED to present an appropriate budget in an accepted format for approval by the Board of Organization, at least one month before the close of the financial year.
 - a. A summary review of the Organization budgetary performance of the previous year.
 - b. A statement of critical assumptions that the following year's budget is based (Strategic Budget plan).
 - c. Projected Revenues Budget
 - Re-current Expenditure Statement
 - Capital Expenditure Budget
 - Projected Income and Expenditure Statement.
 - Projected Balance Sheet.
 - Project Cash flow Statement
 - Purchases Budget Summary
 - Manpower Budget.
- v. The draft Annual Budget Statements in paragraph (d) above should be supported by adequate data indicating how each Income and Expenditure item has been arrived at.

- vi. The Board of Organization only if sources of funds have been identified and prevailing circumstance demand shall approve expenditure budgets so. Under no circumstances shall a deficit budget be approved budget by Board of Organization.

1.13.4 Budgetary Control

1.13.4.1 Measuring Performance

As stated earlier in this chapter, the budget facilitates the steering of an Organisation towards achieving the desired objectives. There must, therefore, be constant monitoring and appraisal of the approved budget to determine the performance in relation to plans.

In order to ensure that expenditure is within the budget, the budgetary control statements are prepared on monthly quarterly and annual basis. These statements are used

- i. To measure actual performance against expected (budgeted) performance
- ii. To communicate the performance to those who are responsible for carrying out plans.
- iii. To co-ordinate activities.
- iv. To motivate managers at all levels.

1.13.4.2 Cash Budgetary Control Statement

A projected cash flow statement is prepared for 12 months of the budgeted period, and broken down into quarterly budgets. As already stated in period, and broken down into quarterly budgets to ensure that it does not spend more than the funds allocated. After each, quarter the figures for actual expenditure inevitably results in a surplus or deficit. Since the budget allocation for the following quarter are revised up or down depending on the performance of the previous quarter.

1.13.4.3 Income and Expenditure Budgetary Control Statement.

In this statement the actual amount spent and income received in each quarter are compared with the approved budget. Variances, if any are noted and causes for significant ones explained

1.13.4.4 Capital Expenditure Control Measures

Is being prepared. Capital items to be purchased during the budget period must essentially be what top management believed to be worthwhile, and what will add value to the Organisation. The purchase of fixed assets depends on the availability of cash as provided for in the cash budgetary control statement. In case the earmarked funds are not forthcoming, capital expenditure is rescheduled until funds are available.

1.13.4.5 Other Control Measurers

- The CA may approve reallocation between expenditure items up to 5% of the budgeted amount, beyond that the Board's approval is required. Reallocation for Donor funds must be made only on approval of the donor, and in accordance with the funding agreement.
- All employees responsible for expenditure are expected to exercise due economy and thrift. Money must not be spending if it is not absolutely necessary, merely because it has been provided for in the budget.

1.14 Management of Non-core Projects.

Non-core projects such as construction of Storage building, Office buildings, roads, well, etc, which may straddle several accounting periods, are managed as follows:

- i. Project implementation must be based on solid contracts.
- ii. Payments to contractors should be made on the basis of the contract and project progress. Certificates from should support invoices appointed Architects or Consultants, Certifying the stage of completion of the project.
- iii. The CA should check the calculation of progress payment, retention monies, deductions of advance payments already made and recoveries of penalties if any. Any detected over invoicing should be investigated and communicated to the contractor promptly. Minor over invoicing may be corrected by raising a debit Note while major ones may give rise to rejection of an invoice and the contractor asked to raise a fresh invoice.
- iv. A project record must be maintained for each project showing the main information which include:
 - Project name
 - Architect's name and contact details
 - Consultant/Project engineer's name and contact details
 - Contract's name and contact details
 - Accounts code
 - Budgeted amount
 - Starting date.
 - Contracted completion date
 - Project milestones
 - Retention money agreement
 - Advance payment agreement
 - Invoicing milestones
 - Records of all Architect/Consultant Certificates
 - Invoices issued by different parties
 - Details of payments made, such as, down payment, consultant's
 - Fees, progress payments

- Percentage of the project's completion stage
- Net amount payable
- Cumulative total payment made
- Payment voucher reference.

When the project is completed, an Architect's/Consultant's completion certificate and a handing-over certificate will be received by the Organisation. The CA should then transfer the total value of the project, as accumulated in the project's account to the appropriate fixed assets account by journal entry. The project's card should be opened in the fixed assets register. An appropriate insurance cover should be secured for the asset from the date of handing over.

1.15 Reports

1.15.1 Introduction

The Trust requires correct and timely information to enable it to measure performance against effort, strategy, and plan and to take prompt action to correct deviations from the planned course.

Feedback is needed to monitor the efforts of the Management team. This can be achieved by producing information in a formal, timely and frequency necessary for both the Management and the Board to make right and timely decisions.

At the end of every month, quarter, half-year and year-end, the CA shall prepared and submit to the Principal the following statements:

- Budgetary Control Statement
- Income and Expenditure Statement
- Balance sheet
- Cash flow Statements.
- Bank Reconciliation Statements.
- Staff Imprest, Loans and Advances Schedule

1.16. Closing of Accounts and year and procedures

1.16.1 Three weeks before closing

- i. Preparation of comprehensive instructions for stock taking and verification of fixed assets.
- ii. Date for stock count and fixed asset verification determined
- iii. External Auditors should be advised of stock taking dates and requested to attend
- iv. Meetings held for all personnel to participate in stock taking.

1.16.1 One week before closing date.

- i. Payroll closed, journalised and posted
- ii. Payroll returns prepared (payroll levy, PAYE, NSSF, Loans, etc.)

1.16.2 At the closing Date.

Supervision of cut-off procedure:

- i. Noting down serial numbers of last documents used (every type of vouchers, receipts, issue, notes, requisition, purchase order, cheque etc.)
- ii. Verification of liquid assets, such as: postage stamps, revenue stamps, petty cash in hand Imprest, etc.

1.16.3 First Week New Accounting Period (Financial Year)

- i. Obtain Bank Statements up to closing date.
- ii. Send letter requesting for Bank Balance Certificates.
- iii. Produce list of deposits and send for confirmation.

1.16.3 Second Week of New accounting period.

- i. Prepare Bank reconciliation statement.
- ii. Extract schedules of loans, advances and Imprest, sundry. Debtors and
- iii. Creditors
- iv. Prepared schedules for accruals, prepayments and provision for doubtful and bad debts
- v. Calculate Depreciation charge for the period and prepare proper schedule (list) of fixed Assets.
- vi. Pass journal entries in MYOB.
- vii. Review minutes of the Board of Trustees for any further provisions and write off
- viii. Determine possible contingencies. Print out first accounts, complete with supporting schedules and
- ix. Submit to the Principal for review.

1.16.4 Third Week of New Accounting Period

- i. Ascertain that all schedules have been obtained properly prepared, adequately supported and properly reconciled to draft financial statements.
- ii. Prepare final draft financial statements.
- iii. Consider all items in the accounts for any explanatory notes
- iv. Consider events subsequent to year and –for explanatory notes.
- v. Arrange for external auditors to commence audit
- vi. Send draft accounts to external auditors.
- vii. Prepare documents properly and strategically for audit.

PART TWO

FINANCIAL REGULATIONS

2.0 Financial Regulations

2.1 Introduction

ACI as an Organization must have adequate financial policies to safeguard its funds and maintain high level of efficiency and service. Therefore, these financial regulations have been compiled with regard to the above objectives and other operating requirements to clearly define the financial policies on key areas of the operations of the Organisation.

2.1.2 The financial regulations are the basis and guidelines for procedures, which are intended to ensure that the Organization achieves its mission as well as safeguarding its resources.

2.1.3 The financial regulations facilitate:

- i. Transparency in financial transactions:
- ii. Avoidance of arbitrariness and inconsistency in decision-making on financial matters: and
- iii. Creating awareness to employees in general and understanding of the prevailing financial policies of the Organisation on the matters relevant to their welfare.

2.1.4 Finances of the Organisation. The implementation of these regulations will be found in the accounting manual in Part. One of these guidelines, staff regulations and circulars issued by Management from time to time.

2.1.5 As the Organisation is operating in a dynamic environment, these financial regulations should not be treated as comprehensive or exhaustive. There is need for the Organisation to exercise prudence and good sense of judgement in making all decisions. Nevertheless, the Principal must seek Board approval before sanctioning any departure from the laid down regulations.

2.1.6 The Principal together with the entire management team of the Organisation is responsible for ensuring that the financial regulations issued by the Board are followed. All requests for review and amendment of the financial regulations should be addressed to the Principal.

2.2 Scope and Application

2.2.1 These Regulations shall govern the financial operations of the Organisation. Where any doubt arises on the interpretation of any part of these regulations, the decision of the Board of Organisation shall prevail.

2.2.2 The Board of Organisation may amend, extend or revoke these Regulations or any part thereof, as they may consider necessary.

2.2.3 Unless otherwise provided, these Regulations will apply to all staff of the Organisation.

2.2.4 Non-compliance with these Regulations or any part thereof by any of the staff shall constitute a breach of discipline and such a member of staff shall render Himself or herself liable to disciplinary action irrespective of whether or not such

Non-compliance causes loss or inconvenience to the Organisation.

2.3 General Financial Responsibilities for all Employees Staff

- 2.3.1** It is the duty of every member of the staff of the Organisation, having in his or her possession any moneys of the Organisation either held for the purpose of incurring any expenditure or received in the course of his or her duties on behalf of the Trust, to ensure that it is safeguard and properly accounted for.
- 2.3.2** Each individual will be held personally and pecuniary responsible for any losses that may occur to such moneys whilst in his or her custody. However, the PD and ED will have discretion to determine the extent of pecuniary responsibility depending on the circumstances leading to such loss.

2.4 Preparation of Annual Budget Estimates

- 2.4.1** The financial year of the Organisation shall be from 1st January to 31st Dec.
- 2.4.2** The CA shall submit to the PD and ED not later than 31st August of each year or such earlier date as the PD and ED may direct, estimates of expenditure to be incurred by the Centre during the ensuing financial year commencing 1st January, together with estimates of income expected during that year.
- 2.4.3** Estimates will be based on the activities undertaken by the Organisation. The Budget Committee should support the financial budgets with quantitative details of activities and programs.
- 2.4.4** One receipt of estimates of Income and Expenditure, the PD and ED shall authorise the Bursar to compile a draft budget. This shall be submitted to the Board not later than 1st November each year for its scrutiny and approval.
- 2.4.5** The Board of Organisation shall satisfy itself as to sources of funds to meet the proposed expenditure before approving such budget.
- 2.4.6** Should any Head of Section wish to incur expenditure, which is not included in an approved budget, she/he shall submit supplementary estimates for consideration by the PD and ED and subjected to approval by the Board. Approved supplementary estimates shall form amendments to the approved annual budget.
- 2.4.7** Application for additional financial provision through supplementary estimates must be supported by full explanations of circumstances, which gave rise to the application. The application for supplementary estimates must show savings anticipated under other items of expenditure in the budget or show additional revenue expected which will offset against the additional expenditure.
- 2.4.8** The PD and ED may in exceptional circumstances incur expenses up to Tshs.1,000,000/= not provided for in the budget when the relevant work must be undertaken in the interest of the Organisation, on the firm understanding that the total Organisation expenditure shall not exceed the total authorized in the

budget. In all such cases a report must be submitted to the next meeting of the Board justifying the recourse to this exceptional procedure.

2.5 Financial Reports

The following reports shall be prepared by the CA and submitted to the PD and EDI to show the progress of income and expenditure compared with the annual budget (as amended by any supplementary).

2.5.1 Monthly financial statements not later than 7 working days from the end of the month. The statement shall show the amounts:

- i. Budget for each item of expenditure and actual expenditure incurred up to the end of the respective month or quarter and the unspent balances:
- ii. Budgeted for each income source, the actual amount collected up to the end of the respective months and the balance remaining. Detailed reasons for any variances between budgets and the expenditure and receipt figures: and
- iii. Analysis of actual performance as compared to performance indicators set for each activity.

2.5.1 On annual basis, the CA shall be prepare financial statements as required under These regulations and present them to the Principal for onward submission to the Requirements on one hand and international Accounting Standard (IAS) on the Other hand and shall include the following statements:

- i. Annual or periodical income and expenditure statement;
- ii. Balance sheet with relevant schedules;
- iii. Cash flow statement.

2.5.2 The PD and ED shall report to every meeting of the Board of Organisation on the progress of the Programmes and activities approved by the Board of Organisation and the availability of funds to finance those Programmes and activities.

2.6 Accounting Forms

2.6.1 All official receipts, vouchers, order forms, books of accounts and other forms for use in the official business of the Organisation shall be in a printed form approved by the ED. The particulars of each type of form shall be as prescribed by the ED.

2.6.2 All forms used in the official business of the Organisation must be given appropriate security to prevent their unauthorised use. All cheque books, receipts and order forms must be kept under lock and key at all times and their issue for normal usage must be recorded in the relevant Register.

2.6.3 The CA shall maintain a register of all such documents and shall issue them against a signature of the user (recipient).

2.6.4 All transactions relating to the business of the Organisation shall be recorded on the relevant accounting forms and records as and when transactions become known.

2.6.5 Loss of unused accountable forms as detailed in paragraph 1.5 of the Accounting manual must be reported in writing to the Principal immediately after discover of the loss. The loss should at the same time be published in the press. Members of staff dealing with such documents should be warned against accepting them.

2.7 Operation of Bank Accounts.

2.7.1 The Board of Organisation shall arrange for such bank accounts to be operated as may be deemed necessary from time to time. No bank account shall be opened in the name of Organisation without a specific resolution of the Board of Organisation.

2.7.2 Where a specific donor requires the account donated to be kept in a separate Bank Account, the Principal shall circularize members to approve the opening of the Bank account and report this in the subsequent meeting of the Board of Organisation

2.7.3 A Bank account of the Organisation may not be used for any other purpose other than official transactions nor may a person or persons operating the account permit to be overdrawn without the prior approval of the Board of Organisation.

2.7.4 Bank account operational procedures are:

i. Cheques Signatories

Such persons shall sign cheques as the Board of Trustees may designate from time to time. Two signatories one from category A and another from Category B shall sign cheques.

Category A	Category B	Limits
Chairperson of the Board	Chief Accountant	Chairperson to sign with the CA cheques above Tshs. 10,000,001
PD or ED / Administrative Officer	Chief Accountant	PD or ED to sign with CA cheques between Tshs. 10,000,000 and Tshs. 200,000

ii. Payments by Cheques

Payments above Tshs.200,000/= shall be made by crossed cheques.

iii. Stale Cheques

All cheques issued by the Organisation which are not presented to the Bank within six months after issue shall be treated as stale cheques and shall be appropriately dealt with in the accounts. Fresh cheques may be issued based on the request made by the claimants

and on return of the stale cheques or on issuing an appropriate indemnity cover if the cheque(s) is lost (see (g) below)

iv. Dishonored Cheques

All cheques received by the Organisation shall be banked daily. Dishonored cheques shall be debited back to the respective debtor's account.

v. Safe Custody of Bank cheques books

All unused cheques and other negotiable documents must be kept under lock and key in the safe provided in the PD or ED's office at all times.

vi. Record of Cheques issued by the Organisation

All cheques issued by the Organisation shall be recorded in a special register indicating such details as the date of issue, to who issued cheques serial number and amount and initialed by the signatories.

vii. Lost Cheques

The CA shall place a Stop Payment Order at the relevant bank on cheques reported lost. Replacement of lost cheques will not be made until the relevant bank can confirm receipt of the Stop Payment Order and that the lost cheques were not previously presented and honored.

viii. Bank Reconciliation

The CA shall obtain from the bank once a month bank statements and prepare a bank reconciliation statement for each account by the 7th of the following month.

2.8 Source and Management of Funds

2.8.1 Receipts Control

The source of funds of the Organisation shall consist of such sums as May:

- i. Be provided for in the budget of the Trust duly approved by the Board of Organisation.
- ii. The board of Organisation should as far as possible avoids borrowing money for use by the Organisation. However, if the money borrowed is initiated and guaranteed by a Donor, Government of Public Institution, and the borrowing process should be supported by a properly drawn contract.

2.8.2 The ED is the custodian of the funds of the Organisation. Money received on behalf of the Organisation shall be immediately acknowledged by issuing an official receipt. The printed official receipt, which is serially numbered, must be completed by the CA or her / his delegate, signed and dated in indelible writing.

- When Cheque number makes payment to the Trust shall be recorded on the receipt.
- 2.8.3 The CA has to take all proper steps to collect money due to the Organisation and promptly remit the same to the relevant bank accounts. All moneys shall be deposited directly with the Organisation's bankers, promptly and intact. In any event, banking shall not be later than one working day from the date of receipt.
- 2.8.4 Payments Control.
- 2.8.5 The ED is the Accounting Officer of the Organisation. No person shall make, allow or direct any payment on behalf of the Organisation without proper authority from the Principal. Any employee who makes, allows or directs any payments without proper authority shall be held personally and financially responsible for amount paid. An employee who is required to render accounts for payment will be similarly held responsible for any inaccuracies in those accounts. Where the necessity of payment arises as a result of negligence or misconduct on the part of employee, notwithstanding the disciplinary action taken the amount incurred may be recoverable in whole or in part from such an employee.
- 2.8.6 A payment voucher must support any payment of whatever nature. Vouchers are to bear serial numbers and contain full particulars of the services or goods, for which the payment is being made, including reference to the authority for the expenditure. In addition, a receipt or other written statement of acknowledgement of payment must support the payment made on behalf of the Organisation by the payee. Other supporting documents shall be attached to the payment voucher, eg. Regional bills or invoices, claims, LPO and delivery notes.
- 2.8.7 Every voucher is to be authorized under certificate signed by two authorized persons who are also signatories to cheques. Any alteration on a Voucher.
- 2.8.8 When authorized signatories sign a payment voucher, they certify that sufficient budget allocation exists and shall be responsible for the accuracy the particulars therein, including that the:
- i. Services specified have been performance satisfactorily or that the goods have been services in goods condition.
 - ii. Original bills or invoices are attached to support payment.
 - iii. Price is fair, reasonable and in accordance with contract;
 - iv. Authority quoted on the payment voucher has been obtained
 - v. Persons named in the vouchers are those entitled to receive payment.
 - vi. Goods purchased have been taken on charge or have been correctly issued if purchased for immediate use.

- 2.8.9 No person shall be permitted to sign by way of authorization any voucher which is made payable to himself or herself.
- 2.8.10 A negotiable instrument, which may be a cheque, banker's cheque, shall make payments by the Trust/draft, mail transfer or telegraphic transfer, as the nature of payment requires.
- 2.8.11 Every cheque drawn upon the Organisation's account shall be properly prepared and shall be completed in such a manner as to hinder subsequent improper alterations. Every cheque issued shall be crossed and marked "Account payees only" except where the payments involved relate to salaries, Imprest or cash cheque.
- 2.8.12 Payments by cash may be permitted only in the following cases:
- i. Petty cash expenses; or
 - ii. Imprest.
- 2.8.13. In exceptional cases, payment by cash can only be effected on express authorization given by the Principal.
- 2.9.10. Payment by cash and authorization for release of cash shall be subject to the ceiling of Tshs. 200,000/=.
- 2.9.11 All expenditure within the approved budget and approved supplementary budget and as appropriately authorized by persons authorized to do so are certified for payment by the CA or his/her deputy to ensure that all payments are accurate and in order.
- 2.9.12 **Reallocation of financial provisions between:**
- i. Reallocation of capital expenditure must be approved by the Board; and
 - ii. Reallocation of recurrent budget up to 5% must be approved by the Principal and reported to the next meeting of the Board.
- 2.10 **Petty Cash**
- 2.10.1 Petty cash shall be maintained strictly on an Imprest basis. The Office Imprest petty cash is limited to Tshs.200,000/= and cash payments out of petty cash Imprest shall not exceed Tshs.200,000/= on each PCV.
- 2.10.2 Payment out of petty cash shall be made on the basis of properly authorized serially numbered petty cash vouchers. No IOU's are allowed. The vouchers shall be supported by bills /receipts / other relevant documents. Petty cash vouchers shall be authorized by the CA or in his/her absence her/his Deputy.
- 2.10.3 The CA must satisfy herself or himself of the identity of the payee. As soon as payment is made, the voucher is given is given the next petty cash voucher serial number and posted in the petty cash account.

2.10.4. PCVs shall be posted and the petty cash account balanced daily.

2.10.5 The CA shall verify and vouch the entries in the petty cash account before sending the reimbursement vouchers to the Principal for approval and replenishment of the Office petty cash Imprest.

2.11 Custody of Cash

2.11.1 It is the duty of every member of staff to ensure that cash and receipt books in his or her possession are kept safely. As stated in paragraph 2.3.2, an individual is personally and financially responsible for any loss that may occur to money in his or her custody.

2.11.2 All money received by the CA or other person authorized by her or him must be banked intact daily to the respective bank account. The CA shall check the cash balance daily.

2.11.3 The ED shall ensure that satisfactory cash security arrangements are made and reviewed regularly. These will include provision of strong room or rooms with double lock system, safes and cash boxes.

2.12 Custody of Cash in Transit

The ED shall ensure satisfactory security for cash in transit. These will include taking insurance cover for cash in transit. Take proper security measures at the time of transferring money from one point to another by providing an appropriate escort.

2.13 Custody of other Valuables.

It is the duty of every member of the staff to ensure that documents, records and all other items deemed to be valuable under his or her charge are kept in safe custody.

2.14 Payments of Salaries

2.14.1. Payment of all salaries shall be authorized by the ED or his /her absence and paid out by the by CA. Cheques and Bank credits for the CA or person shall prepare payment of salaries and wages, authorized by her or him.

2.14.2. Salary payments to employees with bank accounts shall be made two days before the end of the month or on 28th of each month which ever is earlier.

2.14.3. Any person on first appointment by the ED shall be issued with a letter of appointed. This letter is the authority for including newly appointed employee in the payroll. When an employee's service are terminated, the CA shall be informed immediately to ensure that salaries are not drawn beyond the termination date.

2.14.4. A copy of the letter awarding promotion, increments, etc sent to the Bursar shall be the basis for adjusting an employee's remuneration.

2.14.5. The CA shall make payments of PAYE, NSSF, SDL and other statutory contributions on due dates. These statutory payments should be made immediately but not later than 7 days after the payday to avoid incurring any fines and interest on late payment.

2.14.6. The CA shall maintain proper records for salaries and wages paid to all employees of the Organisation.

2.15 Imprest & Control

2.15.1 Imprest should be restricted to those held by the CA and the purchasing Officer. Imprest to Officers travelling on duty should be discouraged, instead travelling allowances and other reimbursable should be paid to employees in accordance with the approved rates in the staff regulations.

2.15.2 The Imprest paid to the CA and PO shall be accounted for by submission of receipts in respect of payments made or written explanation in respects of reimbursable where receipts could not be obtained failure to account for Imprest immediately after competing the purpose for which it is given the Principal is empowered to direct the CA to recover from the salary of the Imprest holder the amount unaccounted for without notice.

2.15.3 The retirement of imprest is subject to the same authorizations and approvals like any other payment voucher.

2.16 Payments to The Members of the Board of Trustees

This will be done in accordance with the provisions of staff regulation

2.17 Other Payments.

2.17.1 Payments other than for salaries and Imprest may be made to staff in accordance with terms and conditions of employment as may be specified in the staff regulations.

2.17.2 Any payments made shall be within the limits and scope of the approved budget.

2.18 Purchase and Stores procedures.

2.18.1 Goods and Services shall be ordered from successful tendered' on the LPO. The order shall show the description of goods or services required the contract price or estimated price, quantity and quality as appropriate.

2.18.2 Procedures for procurement and contracting will be undertaken as described in the accounting manual with limits approved upon by the Board. Order shall not be subdivided for the sole purpose of avoiding open t Enders.

- 2.18.3 It shall be the responsibility of the PO to check and satisfy himself or herself that the description, the price charged, quality and quantity tally with the purchase order and that the goods are in the condition. Where necessary goods received will be inspected by a technically or other suitably qualified person.
- 2.18.4 When deliveries do not conform to the terms and conditions of the purchase, the supplier must be notified immediately of the deficiency and asked either to collect the goods delivered or comply with the terms of contract. No payment shall be made to the supplier unless the terms and conditions of purchase have been met or the deficiency made good.
- 2.18.5 Goods purchased for direct issue to the user, on receipt of goods the PO shall carry out the necessary checks and acknowledge them on the GRN, after which they are issued to the user under signature on the space provided.
- 2.18.6 Goods purchased and taken on stock charge, on receipt of goods the PO shall carry out the necessary checks and acknowledge them on the GRN, After which they are issued to the storekeeper under signature on the space provided.
- 2.18.7 Accounting for movement of stores is limited to quantities consumed or transferred from one store to another.
- 2.18.8 Apart from Fixed Assets acquired by the Trust, all purchases of goods and services are expensed. At the year-end, consumable goods in stock are evaluated and the following accounting entries passed. Dr. Relevant Stock Account Cr. Corresponding expenses item.

2.19 Stock Taking

Stock takers shall comply with the provisions of paragraph 1.7.2.19 of the Accounting Manual in Part One.

2.20 Custody and Care for Stores and other Properties.

- 2.20.1** Responsible for safe guarding them and ensuring that they are properly sheltered, protected and maintained. Appropriate methods of storage and maintenance should be applied to suit each type.
- 2.20.2** All stores subject to deterioration by damp, insect and vermin should be properly and frequently inspected.
- 2.20.3** Fluids in tins and drums should, wherever possible, be stored off the ground to enable leakage to be detected. Kerosene, petrol and other inflammable stores should not be kept in a general store. If separate accommodation is not available, stringent precautions must be taken against fire.
- 2.20.4** Issues should not be made from a new consignment of stores if any balance of Previous consignment is still in stock. Issue of stores should be on the basis of "First Out".

2.21 Disposal of Stores and other Properties.

- 2.21.1 No disposal of the stores of the or other properties of the organization shall be Made without prior approval of the Board or the Principal.
- 2.21.2 Subject to the approval of the Board the CA can dispense off goods of a value below Tshs. 10,000,000/= without inviting for tenders.
- 2.21.3 Where the value of goods to be disposed exceeds Tshs. 10,000,000/=, the disposal shall be permitted only through competitive open tender.

2.22 Usage of Stores and Other Properties.

- 2.22.1 The ED shall be responsible for the proper use, maintenance and safe custody of motor vehicles. She/ he will ensure those pertinent records are maintained and checked to ascertain proper utilization of vehicle. Such records will include logbooks, fuel consumption cards and use of consumable spares.
- 2.22.2 The use of telephone and other communication facilities will be strictly controlled and the following procedure shall be followed:
- i. The Telephone Operator who maintains a Register for calls shall control the general landline. The register shall contain, inter ale, the date and the time of the call. Name of the caller, number and place to which the call is made duration of call. Status of Call (whether private or official), amount payable and remarks; At the end of each month the telephone operator shall submit to the CA a statement showing amount t recoverable from members of staff for private trunk calls.
 - ii. The **Organisation** shall pay charges only in respect of calls made in connection with is activities; and
 - iii. Mobile phone handsets will be provided to the PD, ED, CA and AO. The board of Trustees will prescribe a limit on the usage of mobile phones.

2.23 Fixed Assets Control.

- 2.23.1. Fixed Assets are those assets of value with a long life, held by the Organisation, which are not purchased for resale but are to be used in by the Organisation, which are not purchased for resale but are to be used in the conductor of the activities for more than one year.
- 2.23.2. The ED is responsible for authorizing expenditure on capital projects and expenditure on acquisition on fixed assets in accordance with the approved budget.

- 2.23.3. The ED is responsible for ensuring that expenditure on fixed assets is properly controlled. The recording of fixed assets and depreciation calculations are the responsibility of the CA.
- 2.23.4. A fixed assets identification number should be clearly marked on the asset so that it is easily identified and traced.
- 2.23.5. The ED is responsible for inspecting fixed assets on an annual basis and putting forward assets for disposal. Details in respect of the disposal of fixed assets are recorded on dispatch advice documents, sales invoices (if for sale) and the fixed asset register.
- 2.23.6. Depreciation is provided so as to write off the cost or amount of valuation of fixed assets on a straight-line basis over the expected useful economic lives of the assets concerned at the rates approved in part one of this manual.
- 2.23.7. Deviations from these rates shall be disclosed in a note to the final accounts.

2.24 **Insurance**

- 2.24.1 The Principal shall ensure that all properties of the Trust are insured, and adequate provision is made for the full value thereof. The insurance cover shall be obtained from an insurance company approved by the Board.
- 2.24.2 All insurance shall be under the direction and Control of the CA subject to the authority of the Principal.
- 2.24.3 The Management Staff shall give prompt notification to the Organisation of:
- i. All new risks and additional property and equipment which require insurance together with the amount of cover required; and.
 - ii. Any alterations affecting existing risks or insurance.
- 2.24.4 The CA shall keep a register of all insurance policies undertaken by the Organisation.
- 2.24.5 All claims shall be prepared by the CA and transmitted to the insurance company. All money due and received from the insurance company shall be paid to the Organisation.

2.25 **Write off of Losses.**

- 2.25.1 It is the responsibility of the CA to follow – up the claims made for recovery.
- 2.25.2 All types of cash and other losses, which for any reason can not be recovered from insurers or other parties, shall be written off only on the specific approval of the Board on the recommendation of the ED. Efforts shall be made as far as possible to realize the claims even though they may have been written off in the books.

2.26 Handing and Taking Over.

2.26.1 Whenever any member of staff in a position of Organisation or who is entrusted with cash or other properties of the Organisation goes on leave or are Relieved from duty, appropriate and full arrangements shall be made for handing Over and taking over his or her work and any property of the Trust in his or her custody.

2.26.2 A detailed report shall be prepared in triplicate and signed by the officers handing and taking over. The original copy is sent to the CA and the 2nd and 3rd copies retained by the parties handing and taking over.

2.27. Period for Retaining Books of Accounts.

2.27.1. The CA shall ensure that Statutory Books of Accounts and any other accounting records are retained for not less than seven years for the proper control of the financial affairs of the Organisation.

2.27.2. The Board shall accord the appointed external auditors facilities for:

- i. Obtaining information with respect to the activities of the Organisation and shall furnish the External Auditor with returns, reports and other information with respect there to: and
- ii. Verification of the documents and information furnished in such a manner and at such times as they may require.

2.28.3. The Board of Organisation may institute such procedures, as it may deem fit for the proper internal control of the finances of the Organisation and may instruct the ED to make arrangements for the detailed examination of records of any section of the Trust at any time.

2.28.4 The Board of Organisation may appoint an Internal Auditor to carry out internal audit functions in accordance with the relevant job description as detailed in the shaft regulations & scheme of service.

2.28.5 The ED shall propose the appointment of the External Auditors to the Board Of Organisation who will make the appointment basing on qualification and experience and in some cases in accordance with the Donors requirements.

2. 29 Common Seal

2.29.1 The common seal of the organisation shall be fixed in accordance with the provisions of the constitution.

2.29.2 The organisation's seal shall be in the custody of the ED

2.29.3 Any agreement of a callus Exceeding Tshs. 20.000,000/= Entered into between the organisation and any third party shall not be legally binding unless the Seal of the organisation is affixed.

2.29.4 The CA shall maintain record of all documents on which the Seal has been affixed.

2.30 Protection against Penalties.

2.30.1 All the officials of the organisation shall abide by the laws of the United Republic of Tanzania. The organisation shall not be liable for any penalties that may be imposed on any employee for infringement of the law.

2.30.2 The organisation shall indemnify any officer of any loss or liability suffered or incurred in the course of discharging bona fide Organization business provided the employee has exercised the expected degree of care and skills.

2.31 Amendment of Financial Regulations.

These Financial Regulations may be amended by the Board of organization as and when necessary in accordance with its own rules of procedure.

2.32 Effective Date

The existing financial regulations have been up- dated as part of the recommendations made by the external auditors of ACI. These up- dated financial regulations will become effective as soon as the Board of Organisation has adopted them.